

**TEXAS DEPARTMENT OF INFORMATION RESOURCES
CONTRACT FOR
INDEPENDENT VERIFICATION AND VALIDATION SERVICES**

KPMG LLP

1. Introduction

A. Parties

This Contract for services is entered into between the Department of Information Resources, an agency of the State of Texas (hereinafter “DIR”) with its principal place of business at 300 West 15th Street, Suite 1300, Austin, Texas 78701, and KPMG LLP (hereinafter “Vendor”), with its principal place of business at 345 Park Avenue, New York, New York 10154-0102.

B. Compliance with Procurement Laws

This Contract is the result of compliance with applicable procurement laws of the State. DIR issued a solicitation on the Comptroller of Public Accounts’ Electronic State Business Daily, Request for Offer (RFO) DIR-TSO-TMP-257, on October 5, 2016, for Independent Verification and Validation Services. Upon execution of this Contract, a notice of award for RFO DIR-TSO-TMP-257 shall be posted by DIR on the Electronic State Business Daily

C. Order of Precedence

This Contract; Appendix A, Standard Terms and Conditions for Services Contracts; Appendix B, Vendor’s Historically Underutilized Businesses Subcontracting Plan; Appendix C Statement of Work; Exhibit 1, Vendor’s Response to RFO DIR-SDD-TMP-257, including all addenda; and Exhibit 2, RFO DIR-SDD-TMP-257, including all addenda; are incorporated by reference and constitute the entire agreement between DIR and Vendor. The documents listed in this paragraph shall be hereinafter referred to as the “Contract Documents”. In the event of a conflict between the Contract Documents, the controlling document shall be this Contract, then Appendix A, then Appendix B, then Appendix C, then Exhibit 1, and finally Exhibit 2. In the event and to the extent any provisions contained in multiple documents address the same or substantially the same subject matter but do not actually conflict, the more recent provisions shall be deemed to have superseded earlier provisions.

D. Term of Contract

The term of this Contract shall be four (4) years commencing on the last date of approval by DIR and Vendor. Prior to expiration of the original term, DIR may extend this Contract, by amendment, for up to three (3) optional one-year terms. Additionally, the parties by mutual agreement may extend the term for up to ninety (90) additional calendar days.

E. Contract Amount

The total amount of this Contract shall not exceed three million five hundred and ninety nine thousand dollars and zero cents (\$3,599,000.00).

2. Scope of Work

A. Deliverables and Timeline

Deliverables. Acceptance Criteria and required due dates as applicable are specified in the Appendix C, Scope of Work.

B. Delivery of Deliverables

Vendor shall keep DIR or HHSC under this contract except in accordance with the following procedure. Vendor shall deliver each completed deliverable on the corresponding due date as specified in the SOW herein with a copy to HHSC. DIR shall have fifteen (15) business days to review and either accept or reject each deliverable. In the event that a deliverable is not acceptable due to a material and substantial non-conformity, DIR shall provide to Vendor a written notice of such non-acceptance with sufficient detail to clearly identify the reason for non-acceptance. Vendor shall have fifteen (15) business days following receipt of such notice of non-acceptance to use reasonable commercial efforts to cure or remedy the problems detailed therein, and resubmit the deliverable to DIR. The parties shall repeat this procedure until acceptance of the deliverables, or termination of this Contract by DIR.

When Vendor receives approval of the deliverable, Vendor may then issue its invoice for that deliverable, sending a copy of the invoice to HHSC at the same time that it invoices DIR. From this point invoice and payment procedures will follow the Texas Prompt Payment Act.

C. Roles and Responsibilities

DIR Vendor, and HHSC will each designate a single point of contact (SPOC) for all communications between DIR, HHSC and Vendor during the term of the Contract.

1) DIR Responsibilities

- Management oversight and contract management of the work described in this SOW. The DIR Project Manager will have the authority to make project related decisions.

2) Vendor Responsibilities

- Providing services specified in Appendix C, Scope of Work;
- Planning and scheduling activities to accomplish work to complete the services described in Appendix C, Scope of Work;
- Providing deliverables in the formats approved by the DIR Project Manager;
- Identifying points of contact for resolving any key questions or issues that may arise. The Vendor Project Manager shall be responsible for making those individuals available to respond to issues in a timely manner;

E. Administration

1) The DIR Project Manager shall have the authority and responsibility to implement the Contract, including the SOW. The Project Manager shall attempt to resolve any routine disputes that arise during the course of performance of this Contract.

2) Monthly or otherwise upon request, during the term of this Contract, Vendor shall deliver to DIR a written report (the "Status Report") describing in reasonable detail the status of the project, including without limitation the then current status of completed development, development accomplished during the preceding week, known problems, findings and risks and the anticipated effect on the project, current and planned staffing, whether Vendor expects to meet the schedule of the SOW and, if not, the variations, any other information pertaining to the project that would reasonably be of interest to DIR, as well as any information specifically and reasonably requested by DIR. Vendor represents and warrants that each Status Report will be complete and accurate, and Vendor agrees to update each Status Report, prior to the delivery of the next weekly Status Report, in the event major problems or other major variations are encountered. Vendor will also respond to reasonable inquiries from time to time from DIR concerning the status of the project.

F. Modifications to Scope of Work

1) If DIR proposes to change the scope or nature of the SOW based on state or federal requirements, then it shall provide a written Change Request to Vendor's Project Manager. The Change Request must provide the information regarding the change comparable to the detail originally included in the SOW.

2) After the written Change Request is received, Vendor shall evaluate the changes in regard to cost, benefits, resources, alternatives, and schedule and provide such evaluation to DIR.

3) If the results of the evaluation are not acceptable to DIR, Vendor and DIR will endeavor to agree upon appropriate and mutually agreeable changes in cost, schedule or other terms associated with the Change Request. While such changes are under review, Vendor shall continue to perform under this Contract so long as such continued performance does not cause Vendor to incur a material increase in cost or other undue hardship in relation to the Change Request. A decision to discontinue performance due to a Change Request shall be made only by mutual written agreement of the Parties.

4) No Change Request shall be implemented unless set forth in writing and approved and signed by an authorized representative of each party. Vendor agrees to act in good faith with regard to price and schedule terms it requires for any proposed change. Once both Parties have approved a Change Request, the Parties shall make the appropriate adjustments to the SOW and other appropriate Contract Documents to reflect the approved changes.

3. Notification

All notices under this Contract shall be sent to a party at the respective address indicated below.

If sent to the State:

Dana L. Collins, Director, Enterprise Contracts Management
Department of Information Resources
300 W. 15th St., Suite 1300
Austin, Texas 78701
Phone: (512) 475-4700
Facsimile: (512) 475-4759
Email: dana.collins@dir.texas.gov

If sent to the Vendor:

Charles V. Collier, Principal
KPMG LLP
111 Congress Avenue, Suite 1900
Austin, Texas 78701
Phone: (512) 320-5280
Facsimile: (512) 853-2111
Email: ccollier@kpmg.com

4. Service Requirements

Services provided under this Contract shall be in accordance with the Statement of Work as set forth in Appendix C of this Contract. No changes to the Statement of Work may be made unless previously agreed to by Vendor and DIR.

5. Confidentiality

The Vendor will retain, at the Vendor's expense, all work papers and reports for a minimum of seven years, and thereafter if DIR notifies the Vendor in writing of the need to extend the retention period. The Vendor will maintain confidentiality of the work papers in accordance with the applicable professional standards. The Vendor will provide DIR, at the Vendor's expense, with copies of any and all work papers and reports, upon DIR's written request. The Vendor will respond to the reasonable inquiries of successor vendors and will allow successor vendors to review work papers relating to matters of continuing significance at the request of DIR.

6. Authorized Exceptions to Appendix A, Standard Terms and Conditions for Services Contracts.

A. Section 3. Intellectual Property Matters, paragraph A. Definitions, sub-paragraph 5) is hereby updated and restated as follows:

5) "Vendor IP" shall mean all tangible or intangible items or things, including but not limited to propriety methodologies, methods, processes, or procedures, including the Intellectual Property Rights therein, created or developed by Vendor (a) prior to providing any Services or Work Product to Customer and prior to receiving any documents, materials, information or funding from or on behalf of Customer relating

to the Services or Work Product, or (b) after the Effective Date of the Contract if such tangible or intangible items or things were independently developed by Vendor outside Vendor's provision of Services or Work Product for Customer hereunder and were not created, prepared, developed, invented or conceived by any Customer personnel who then became personnel to Vendor or any of its affiliates or subcontractors, where, although creation or reduction-to-practice is completed while the person is affiliated with Vendor or its personnel, any portion of same was created, invented or conceived by such person while affiliated with Customer.

B. Section 7. Contract Enforcement, paragraph B. Termination, sub-paragraph 7) Vendor Rights Under Termination, is hereby updated and restated as follows:

7) Vendor Rights Under Termination

In the event a Purchase Order expires or is terminated, HHSC shall pay: 1) all amounts due for products or services ordered prior to the effective termination date and ultimately accepted, and 2) any applicable early termination fees agreed to in such Purchase Order. The Contractor shall not have any liability to DIR as a result of the DIR's use of any unfinished, incomplete, or draft work products and materials that are furnished to DIR, provided that the Contractor has notified DIR of the incomplete status of such material.

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This Contract is executed to be effective as of the date of last signature.

KPMG LLP

Authorized By: __/Signature on File/____

Name: __Charles Collier_____

Title: __Principal_____

Date: ____06/15/17_____

The State of Texas, acting by and through the Department of Information Resources

Authorized By: __/Signature on File/____

Name: ____Hershel Becker_____

Title: ____Chief Procurement Officer_____

Date: ____08/22/17_____

Office of General Counsel: __/Initials on File/____08/22/17_____